



NO. 25

January 21, 1948

THE INTERNATIONAL TRADE ORGANIZATION

The signing of agreements which took place in Geneva on October 30, 1947, marked the end of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment. In the capacity of a Preparatory Committee, it produced a revision of the Draft Charter for an International Trade Organization. This draft is now being considered by the United Nations Conference on Trade and Employment which opened in Havana on November 21, and in which all members of the United Nations were invited to participate. The Soviet Union, which was invited to attend both the Preparatory Committee and the Conference, refused both invitations.

The Preparatory Committee also completed at Geneva the second and parallel task summed up in the General Agreement on Tariffs and Trade with the accompanying schedules of tariff concessions. It had been part of the original United States proposals for the expansion of world trade and employment that the most important trading nations of the world, at that time denominated the "nuclear group", should negotiate among themselves a series of tariff agreements which would become the basis for a general lowering of tariffs among all members of the I.T.O. when it came into existence. This plan was further developed at Geneva, where it was agreed that a group of key countries should undertake to put into effect among themselves, even before the I.T.O. had actually been created, first the tariff reductions negotiated between them, and second, certain fundamental parts of the draft charter. The tariff schedules and the sections of the draft charter in question were incorporated in the General Agreement on Tariffs and Trade. By signing the Protocol of Provisional Application, Canada, the United Kingdom, the United States, Australia, Belgium, Cuba, France, Luxembourg and the Netherlands undertook to put the agreement into force between themselves on January 1, 1948; fully as regards Part I containing the tariff schedules and the general undertaking on most-favoured-nation treatment, and as regards Part II comprising the charter articles on discrimination, quantitative import restrictions, freedom of transit, anti-dumping and countervailing duties, export subsidies and economic development, to the extent compatible with existing legislation.

The Protocol of Provisional Application continues to be open for signature by the remaining members of the Preparatory Committee and will come into effect as regards all signatories provided that, by June 30, 1948, members whose external trade represents 85% of total external trade of Preparatory Committee members have signed it.

Owing to the present disequilibrium in international trade, the immediate application of some of the articles of the General Agreement has been postponed. Restrictions to safeguard the members' balance of payments position are allowed on certain conditions up to January 1, 1951, when they must all be reviewed. The application of Article XIII forbidding discriminatory quantitative restrictions on imports is suspended entirely until January 1, 1949. Between that date and March 1, 1952, discriminatory restrictions are allowed only on certain conditions. After March 1, 1952, the prior approval of the organization to their imposition is required.

The tariff....

The tariff concessions negotiated at Geneva run for a three-year term, the maximum possible under the United States Administration's authority to reduce tariffs by executive action. The continuation of the Trade Agreements Program will be a subject of discussion at the next regular session of Congress, and if the authority is renewed at that time, the tariff concessions may be expected to continue for another term.

As matters now stand, the Canadian Government, when it put the tariff concessions provisionally into force on January 1, extended all concessions negotiated to those countries signatory to the Protocol of Provisional Application. To those countries not members of the Commonwealth and signatory to the Final Act only, provided they already enjoy most-favoured-nation status (i.e., Brazil, Chile, China, Czechoslovakia and Norway), tariff concessions on items negotiated by them and also by a country signatory to the Protocol were extended. Items attributable directly and solely to them were reserved. Among other most-favoured-nations who are not signatory to the Final Act, it is the intention to generalize the tariff concessions temporarily, while awaiting the decision of the Havana Conference on this point before taking any final action.

The following is a list of the countries to which the tariff concessions were extended on January 1, 1953, under the provisions of the Protocol of Provisional Application:

Argentina, Australia, Belgium, Canada, Denmark, France, Greece, India, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, Taiwan, United Kingdom, United States of America, Uruguay, Venezuela.

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